

107TH CONGRESS
1ST SESSION

S. 789

To amend title 37, United States Code, to establish an education savings plan to encourage reenlistments and extensions of service by members of the Armed Forces in critical specialties, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 26, 2001

Mr. HUTCHINSON (for himself and Mr. WARNER) introduced the following bill;
which was read twice and referred to the Committee on Armed Services

A BILL

To amend title 37, United States Code, to establish an education savings plan to encourage reenlistments and extensions of service by members of the Armed Forces in critical specialties, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PURPOSE.**

4 It is the purpose of this Act to promote the retention
5 of members of the Armed Forces in critical specialties by
6 establishing a bonus savings plan that provides significant
7 resources for meeting the expenses encountered by the

1 members in providing for the education of the members
 2 of their families and other contingencies.

3 **SEC. 2. EDUCATION SAVINGS PLAN FOR REENLISTMENTS**
 4 **AND EXTENSIONS OF SERVICE IN CRITICAL**
 5 **SPECIALTIES.**

6 (a) ESTABLISHMENT OF SAVINGS PLAN.—(1) Chap-
 7 ter 5 of title 37, United States Code, is amended by add-
 8 ing at the end the following new section:

9 **“§ 323. Incentive bonus: savings plan for education**
 10 **expenses and other contingencies**

11 “(a) BENEFIT AND ELIGIBILITY.—The Secretary
 12 concerned shall purchase United States savings bonds
 13 under this section for a member of the armed forces who
 14 is eligible as follows:

15 “(1) A member who, before completing three
 16 years of service on active duty, enters into a commit-
 17 ment to perform qualifying service.

18 “(2) A member who, after completing three
 19 years of service on active duty but not more than
 20 nine years of service on active duty, enters into a
 21 commitment to perform qualifying service.

22 “(3) A member who, after completing nine
 23 years of service on active duty, enters into a commit-
 24 ment to perform qualifying service.

1 “(b) QUALIFYING SERVICE.—For the purposes of
2 this section, qualifying service is service on active duty in
3 a specialty designated by the Secretary concerned as crit-
4 ical to meet requirements (whether such specialty is des-
5 igned as critical to meet wartime or peacetime require-
6 ments) for a period that—

7 “(1) is not less than six years; and

8 “(2) does not include any part of a period for
9 which the member is obligated to serve on active
10 duty under an enlistment or other agreement for
11 which a benefit has previously been paid under this
12 section.

13 “(c) FORMS OF COMMITMENT TO ADDITIONAL SERV-
14 ICE.—For the purposes of this section, a commitment
15 means—

16 “(1) in the case of an enlisted member, a reen-
17 listment; and

18 “(2) in the case of a commissioned officer, an
19 agreement entered into with the Secretary con-
20 cerned.

21 “(d) AMOUNTS OF BONDS.—The total of the face
22 amounts of the United States savings bonds purchased for
23 a member under this section for a commitment shall be
24 as follows:

1 “(1) In the case of a purchase for a member
2 under paragraph (1) of subsection (a), \$5,000.

3 “(2) In the case of a purchase for a member
4 under paragraph (2) of subsection (a), the amount
5 equal to the excess of \$15,000 over the total of the
6 face amounts of any United States savings bonds
7 previously purchased for the member under this sec-
8 tion.

9 “(3) In the case of a purchase for a member
10 under paragraph (3) of subsection (a), the amount
11 equal to the excess of \$30,000 over the total of the
12 face amounts of any United States savings bonds
13 previously purchased for the member under this sec-
14 tion.

15 “(e) TOTAL AMOUNT OF BENEFIT.—The total
16 amount of the benefit payable for a member when United
17 States savings bonds are purchased for the member under
18 this section by reason of a commitment by that member
19 shall be the sum of—

20 “(1) the purchase price of the United States
21 savings bonds; and

22 “(2) the amounts that would be deducted and
23 withheld for the payment of individual income taxes
24 if the total amount computed under this subsection

1 for that commitment were paid to the member as a
2 bonus.

3 “(f) AMOUNT WITHHELD FOR TAXES.—The total
4 amount payable for a member under subsection (e)(2) for
5 a commitment by that member shall be withheld, credited,
6 and otherwise treated in the same manner as amounts de-
7 ducted and withheld from the basic pay of the member.

8 “(g) REPAYMENT FOR FAILURE TO COMPLETE OB-
9 LIGATED SERVICE.—(1) If a person fails to complete the
10 qualifying service for which the person is obligated under
11 a commitment for which a benefit has been paid under
12 this section, the person shall refund to the United States
13 the amount that bears the same ratio to the total amount
14 paid for the person (as computed under subsection (e))
15 for that particular commitment as the uncompleted part
16 of the period of qualifying service bears to the total period
17 of the qualifying service for which obligated.

18 “(2) Subject to paragraph (3), an obligation to reim-
19 burse the United States imposed under paragraph (1) is
20 for all purposes a debt owed to the United States.

21 “(3) The Secretary concerned may waive, in whole
22 or in part, a refund required under paragraph (1) if the
23 Secretary concerned determines that recovery would be
24 against equity and good conscience or would be contrary
25 to the best interests of the United States.

1 “(4) A discharge in bankruptcy under title 11 that
 2 is entered less than five years after the termination of an
 3 enlistment or other agreement under this section does not
 4 discharge the person signing such reenlistment or other
 5 agreement from a debt arising under the reenlistment or
 6 agreement, respectively, or this subsection.

7 “(h) RELATIONSHIP TO OTHER SPECIAL PAYS.—The
 8 benefit provided under this section is in addition to any
 9 other bonus or incentive or special pay that is paid or pay-
 10 able to a member under any other provision of this chapter
 11 for any portion of the same qualifying service.

12 “(i) REGULATIONS.—This section shall be adminis-
 13 tered under regulations prescribed by the Secretary of De-
 14 fense for the armed forces under his jurisdiction and by
 15 the Secretary of Transportation for the Coast Guard when
 16 the Coast Guard is not operating as a service in the
 17 Navy.”.

18 (2) The table of sections at the beginning of such
 19 chapter is amended by adding at the end the following
 20 new item:

“323. Incentive bonus: savings plan for education and other contingencies.”.

21 (b) EFFECTIVE DATE.—Section 323 of title 37,
 22 United States Code (as added by subsection (a)), shall
 23 take effect on October 1, 2001, and shall apply with re-
 24 spect to reenlistments and other agreements for qualifying

- 1 service (described in that section) that are entered into
- 2 on or after that date.

